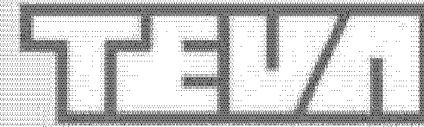


PSJ17 Exh 87



FENTORA Marketing Mix Analysis Impact Assessment Findings Review

Prepared for TEVA
June 30, 2014

This presentation is solely for the use of client personnel. No part of it may be circulated, quoted or reproduced for distribution outside of the client organization without prior written approval of ZS Associates.

ZS Associates | 847.492.3600 | www.zsassociates.com

Agenda

Background and Overview

- Summary of Findings
- Historical Responsiveness Findings

Feedback from our previous discussions has been incorporated in analysis to be reviewed today

- Physician Tier-based segmentation has been updated based on feedback from the group
- Non-personal promotion data was received at physician level and has been incorporated in the analysis
- Saving card programs costs were validated with the changes in program structure and have been incorporated in the analysis

Today's focus is on reviewing key findings around the historical impact and profitability of FENTORA promotional programs over the past year

Project Objectives

- Evaluate impact and profitability of promotional tactics
- Determine how channels work together to influence brand performance
- Optimize FENTORA marketing budget across different tactics and physician segments

Key Deliverables

- Summary of historical program impact and cost effectiveness
- Integrated (cross-program) marketing mix model, accounting for future adjustments to program impact
- Revenue and profit impact of marketing mix scenarios, evaluated against the "base case"

Key Milestones

- ✓ May 28 - Project kick-off meeting
- ✓ Jun 12 - Data review meeting
- ✓ **Jun 30 - Impact Assessment meeting**
 - Review total costs and total revenue impact of each marketing tactic
 - Tactic ROI and Marginal ROI are key outputs of this project step
 - Understand the impact of the different tactics relative to each other as well as the impact of a tactic within different customer segments
- Early July - Preliminary Marketing Mix Review
- Mid July - Final Recommendations Meeting

Agenda

- Background and Overview

Summary of Findings

- Historical Responsiveness Findings

Executive Summary

Higher impactable sales (40%) as compared to the prior cycle (30%)

- **FENTORA impactable sales have increased**, to 40% from 30% last cycle
 - Primarily driven by consistent utilization of Rx savings cards in initiating new patients while overall Fentora Rx have declined
- **Rep detailing impact is similar (~13%) as compared to last cycle**, even though the overall detailing effort dropped
 - The detailing effort was reduced optimally from the low value segment groups
 - Given the competitive activity, detailing effectiveness has also increased, providing a downside protection to sales

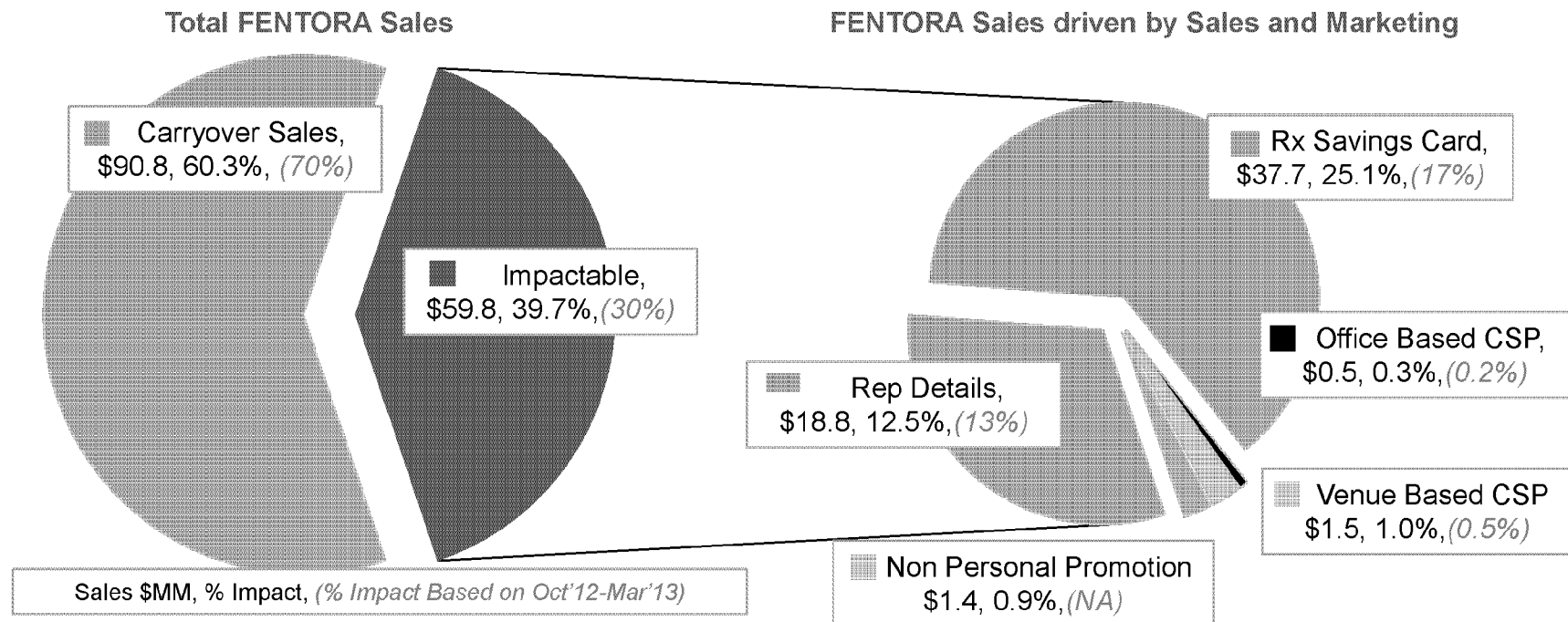
Profitability of key marketing tactics (Rx Savings Cards, Speaker Programs) has declined

- **Overall sales call profitability (mROI) has increased marginally** from last year, driven by increased detailing effectiveness
- The profitability of Rx Savings Cards and Speaker Programs has declined
- **Savings cards profitability (mROI) is negative**, likely driven by change in program terms last year, and overall program spend should be scaled down
 - Recent changes to program terms in Q2'14 could help improve profitability
- Venue based speaker programs are profitable for high value (Tiers 1 and 2) prescribers, while office based speaker programs are more suited to medium value physicians
- **Non-personal promotion has a high ROI** and should be used to target REMS enrolled physicians who have low access or are in the white space

Summary of Findings

Promotional tactics jointly explain ~40% (\$59.8 MM) of annualized FENTORA sales (\$150.6 MM)

FENTORA Sales at Historical Promotional Effort (Annualized Oct'13 – Mar'14)



	Carryover	Detailing	RX Savings Card	NPP	Office Based CSPs	Venue Based CSPs
Gross Revenue (in \$MM)	\$90.8	\$18.8	\$37.7	\$1.4	\$0.5	\$1.5
% of Revenue	60.3%	12.5%	25.1%	0.9%	0.3%	1.0%

Sales projections based on physician universe with either sales or promotional activity in recent 6 months ending Mar'14

All sales figures on the slide are gross sales and do not include GTN

Note : IMS Health Confidential Proprietary: Source IMS Health Incorporated

© 2014 ZS Associates

Summary of Findings

Most promotional programs have a positive return on investment, but have an opportunity to be optimized based on marginal return

Tactic	Short-Term Marginal ROI*	Sales Impact* (\$ MM)	Cost* (\$ MM)	Total ROI*
<div> <div></div> Oct'13-Mar'14 <div></div> Oct'12-Mar'13 </div>				
Sales Call	<div> <div>40%</div> <div>34%</div> </div>	\$56.5 \$47.8	\$23.0 \$17.3	226% 240%
Rep Message**	<div> <div>167%</div> <div>-15%</div> </div>	\$18.8 \$21.2	\$7.9 \$11.2	505% 254%
Rx Savings Card	<div> <div>-26%</div> <div>131%</div> </div>	\$37.7 \$26.6	\$15.1 \$6.1	80% 220%
CSPs – Venue	<div> <div>23%</div> <div>159%</div> </div>	\$1.5 \$0.8	\$0.9 \$0.2	23% 159%
CSPs – Office	<div> <div>-48%</div> <div>96%</div> </div>	\$0.5 \$0.4	\$0.6 \$0.2	-48% 96%
NPP	<div> <div>172%</div> </div>	\$1.4	\$0.4	172%
Total		\$58.4 \$49.0	\$24.9 \$17.6	

All sales figures mentioned on the slide are gross sales

mROI is the incremental profit at a given activity level ;

** mROI of Rep Message includes 2 years of carryover impact. For the rest of the tactics, no future carryover impact is included in the profitability calculation

* Sales Impact and Cost are based on annualized based on 6 months analysis (Oct'13 – Mar'14)

* Total ROI = (Impactable Sales*Gross-to-Net Margin)/Cost -1; Gross to Net = 72%

© 2014 ZS Associates

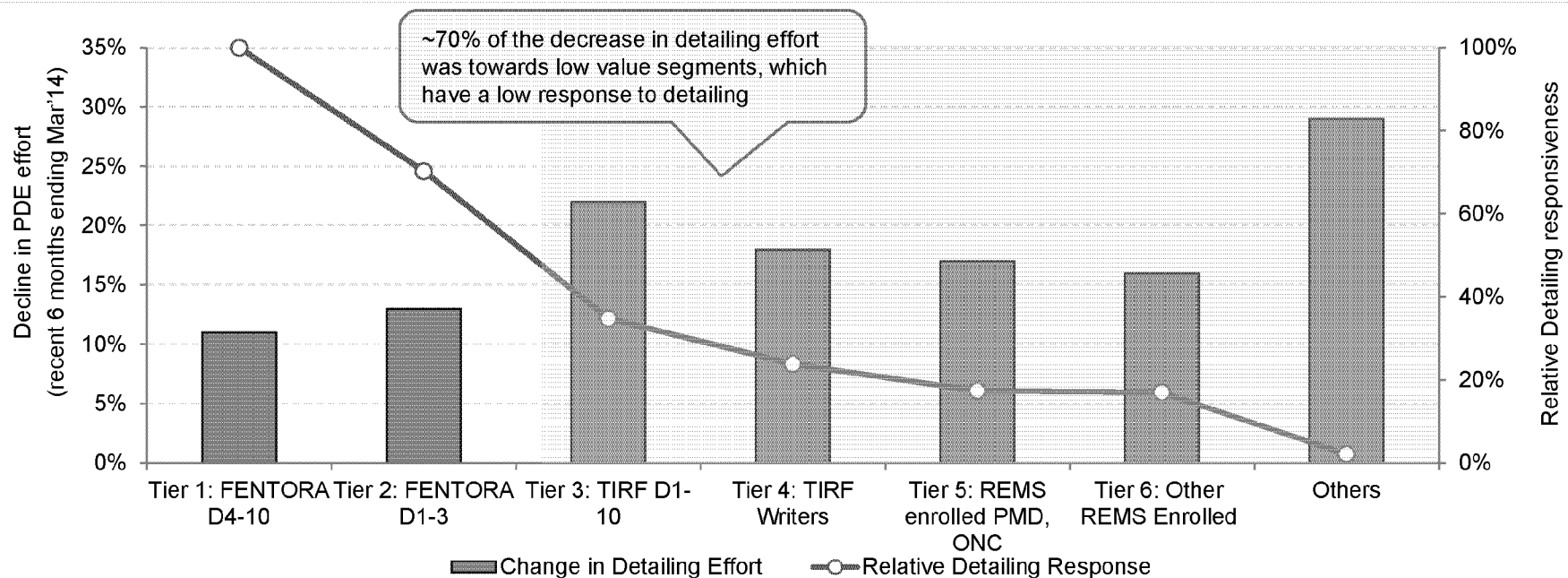
Agenda

- Background and Overview
- Summary of Findings

Historical Responsiveness Findings

Majority (~70%) of the decline in detailing effort is attributed to low value physicians, with low detailing responsiveness

Relative response to detailing and decline in detailing effort by physician segment



	Tier 1: FENTORA D4-10	Tier 2: FENTORA D1-3	Tier 3: TIRF 1-10	Tier 4: TIRF Writers	Tier 5: REMS enrolled PMD, ONC	Tier 6: Other REMS Enrolled	Others
Relative Detailing Response	100%	70%	35%	24%	17%	17%	2%
Change in Detailing Effort (Recent 6 Mo.*)	-11%	-13%	-22%	-18%	-17%	-16%	-29%

* Change in detailing from the previous 6 months (Apr'13-Sep'13) vs. current 6 months (Oct'13-Mar'14)

* TIRF writers defined as physicians with > 2 OTFC TRx/month

Source: Pain_Mktg_Mix_Details.txt received 5/30/2014

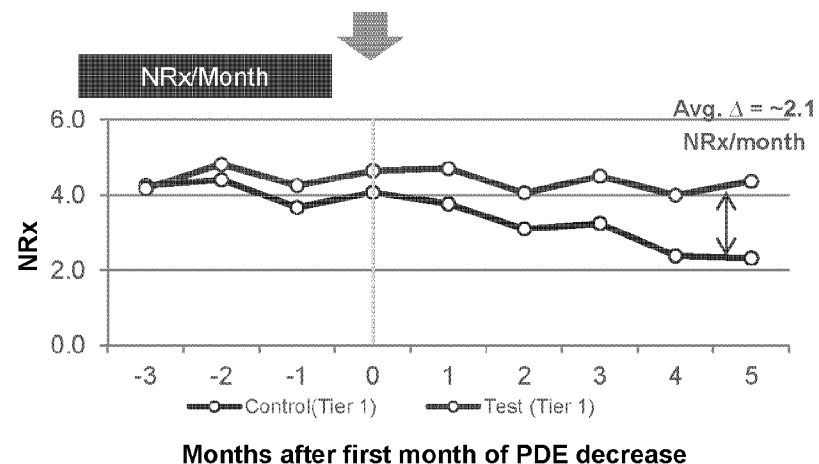
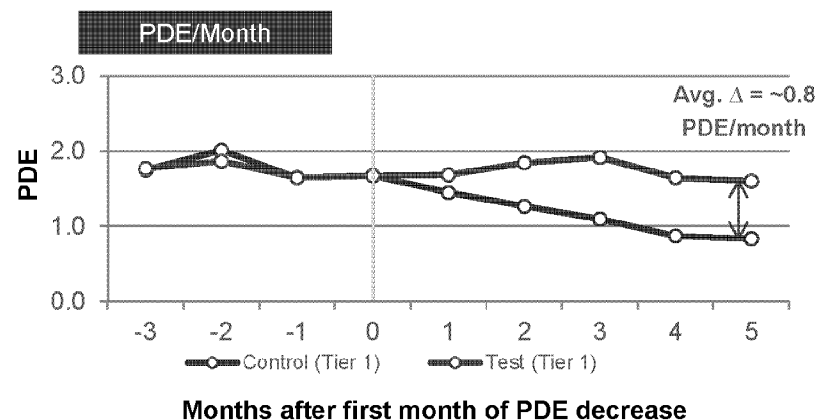
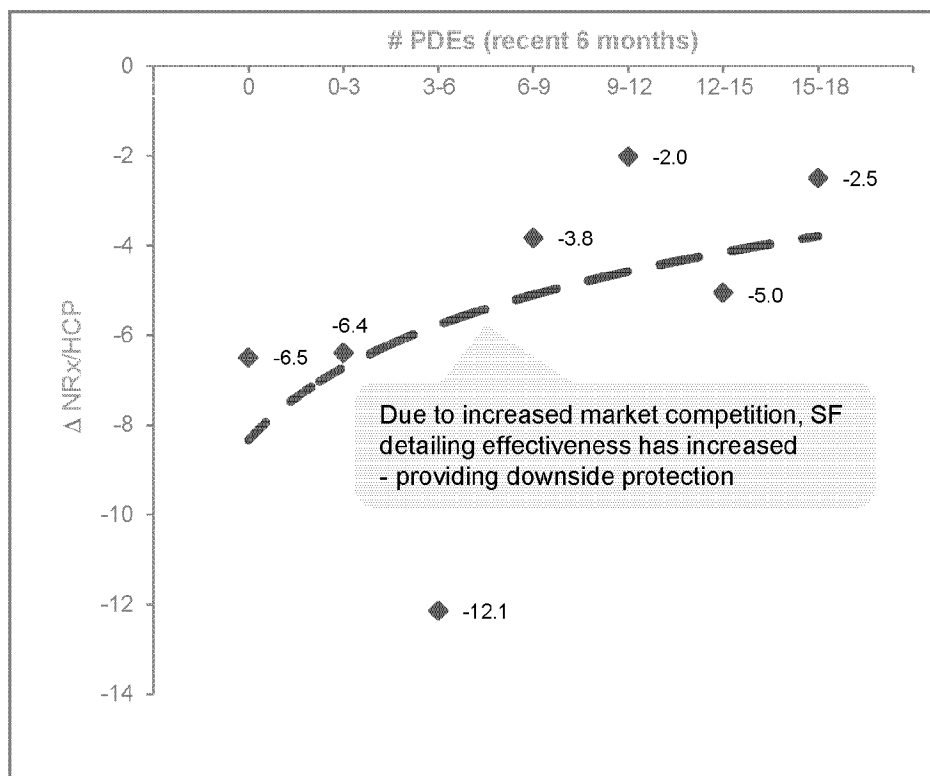
© 2014 ZS Associates

Historical Responsiveness: Detailing

Due to increased market competition, detailing effectiveness has also increased in the recent 6 months

Tier 1: FENTORA Decile 4-10 : Detailing Response

Tier 1: FENTORA Decile 4-10 : Detailing Response

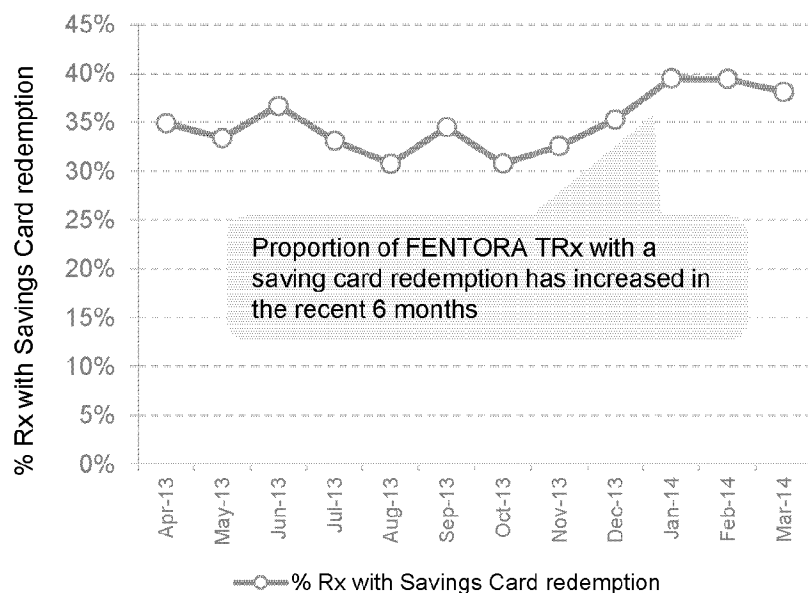


Test group contains 102 MDs and the control group contains 88 MDs
 Source: Pain_Mktg_Mix_Rx.txt ; Pain_Mktg_Mix_Details.txt received 5/30/2014
 © 2014 ZS Associates

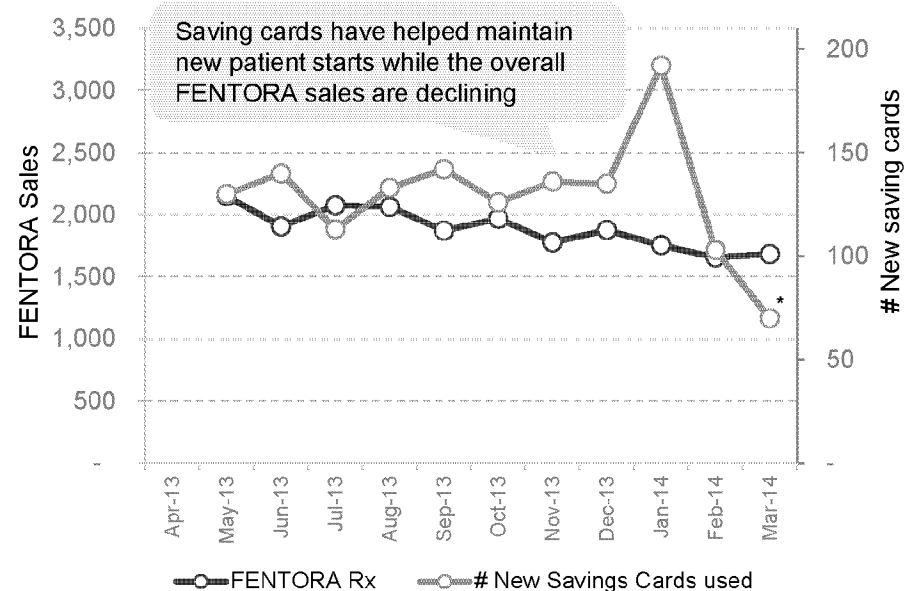
Historical Responsiveness: Savings Cards

In the wake of declining FENTORA sales, savings cards help maintain new patient initiations and ~40% FENTORA Rx are now associated with a card use

Monthly Trend of proportion of FENTORA Rx with savings card redemption



Monthly Trend of New savings card use and FENTORA Rx



* All new cards in March'14 might not have been captured as the Saving card program structure changed in mid-march 2014

Note: The FENTORA savings card program structure has changed over time – most recently in mid March 2014

Source: Pain_Mktg_Mix_Rx.txt, Pain_Mktg_Mix_Copay_Redemptions.txt, Pain_Mktg_Mix_Voucher_Redemptions.txt received 5/30/2014

Historical Responsiveness: Savings Cards

Savings card program profitability depends on program structure, and the recent change in program terms will help improve ROI

	Saving cards program terms	Avg. cost per Saving card use	Expected mROI	Expected ROI
Q1 2013	<ul style="list-style-type: none"> Fills 1-3 Max Dollar \$8,650 Fills 4 & above \$5.00 Min Copay / \$2,000 Max Dollar 	\$1,088	+ 35%	+ 226%
Q2 2013		\$1,100	+ 33%	+ 223%
Q3 2013		\$1,122	+ 31%	+ 217%
Q4 2013	<ul style="list-style-type: none"> Fills 1-3 free / Max Dollar \$8,650 Fills 4 & above \$5.00 Min Copay / \$8,650 Max Dollar 	\$1,597	- 8%	+ 122%
Q1 2014	<ul style="list-style-type: none"> Fills 1-3 free / Max Dollar \$11,500 Fills 4 & above \$5.00 Min Copay / \$11,500 Max Dollar 	\$1,978	- 26%	+ 80%
Q2 2014	<ul style="list-style-type: none"> Fills 1-3 free / \$8,560 Max Dollar Fills 4 & above \$5.00 Min Copay / \$8,650 Max Dollar 	\$1,538	- 5%	+131%

Starting Q2 2014, the avg. cost per saving card redemption has come down, increasing overall profitability of the program

Promotional sensitivity based on recent 6 months of savings card activity

Source: Pain_Mktg_Mix_Rx.txt, Pain_Mktg_Mix_Copay_Redemptions.txt, Pain_Mktg_Mix_Voucher_Redemptions.txt received 5/30/2014

Historical Responsiveness: By Segment

Increasing the reach of detailing, Venue based CSPs and NPP amongst high value segments can provide significant upside for the brand

Tier	Segment	SF Detailing	Rx Savings cards	NPP	CSP - Office Based	CSP - Venue Based
1	FENTORA D4-10	154% (90%, 24)	-48% (47%, 28)	200+ % (51%)	-100% (2.7%, 1)	189% (5.5%, 1)
2	FENTORA D1-3	136% (78%, 15)	4% (22%, 13)	34% (38%)	-100% (2.7%, 1)	200+ % (3.6%, 1)
3	Branded TIRF 1-10	200+ % (50%, 10)	23% (6%, 9)	33% (40%)	215% (2.6%, 1)	25% (1.7%, 1)
4	TIRF Writers	52% (37%, 9)	99% (4%, 5)	34% (43%)	80% (0.3%, 1)	-73% (1.4%, 1)
5	REMS enrolled PMD, ONC	74% (30%, 8)	27% (2%, 7)	34% (52%)	-59% (1.0%, 1)	-84% (0.7%, 1)
6	Other REMS Enrolled	46% (18%, 7)	-47% (1%, 11)	34% (28%)	-26% (0.6%, 1)	-78% (0.5%, 1)
7	Others	-100% (48%, 4)	-100% (1%, 17)	-100% (32%)	-69% (1.5%, 1)	-100% (1.7%, 1)

mROI
(Reach, Frequency)

Notes:

Reach based on MDs receiving tactic effort between Oct'13– Mar'14

Frequency = Oct'13-Mar'14 Activity / Reached MDs

Detailing based on PDE

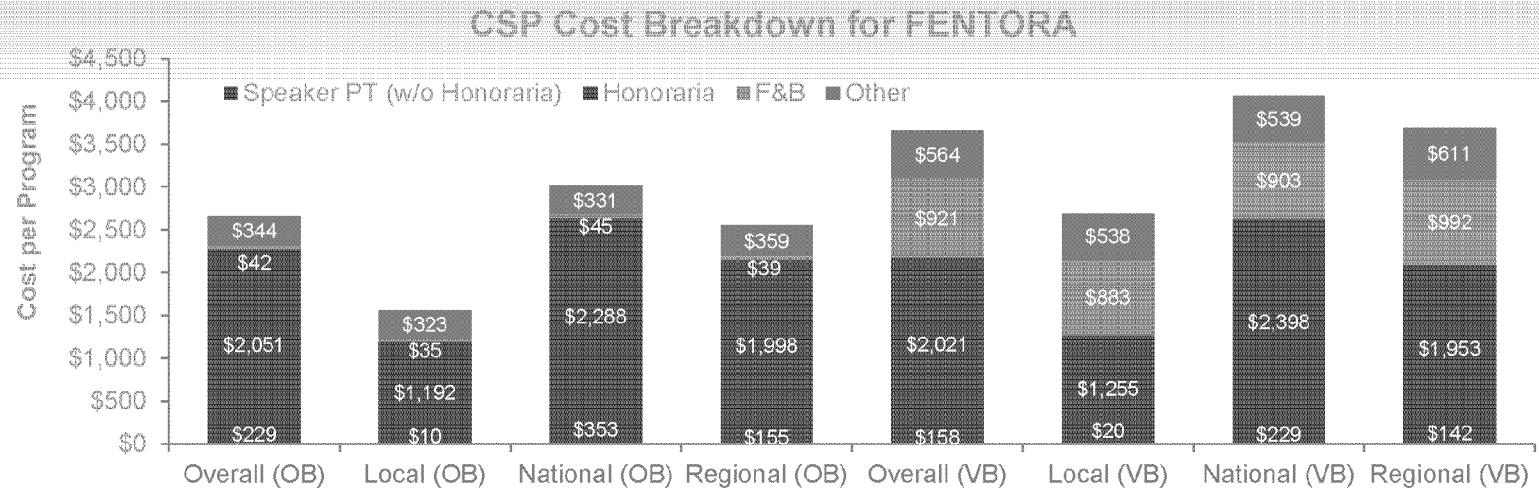
TIRF writers defined as physicians with > 2 OTFC TRx/month

© 2014 ZS Associates

mROI > 150%
 mROI < -20%
 mROI 0% to <150%
 <20 MDs reached

Speaker program cost

In office speaker programs have a lower attendance per program compared to venue based programs, but at a similar cost

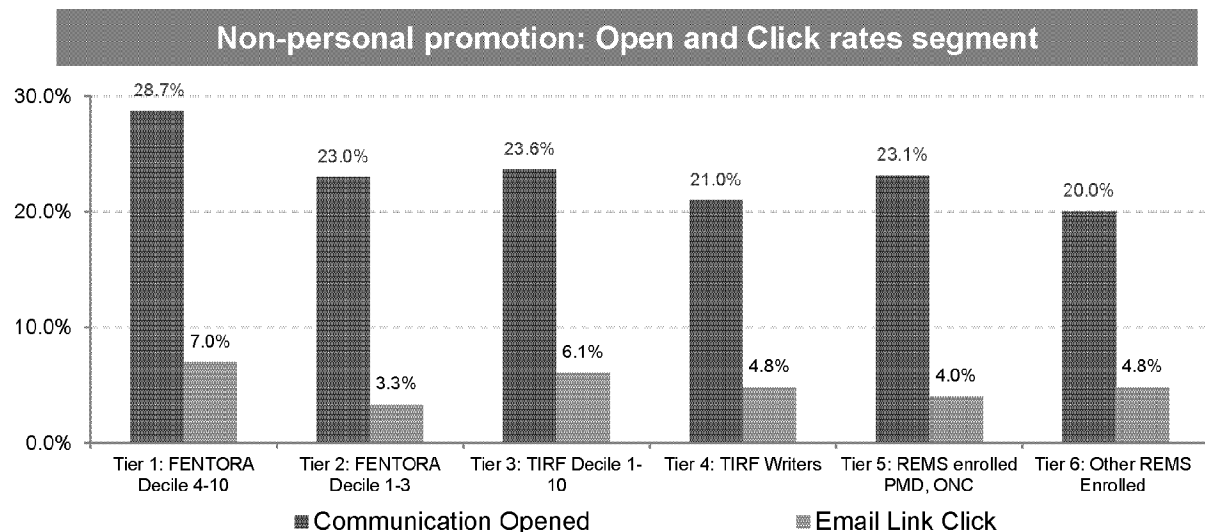
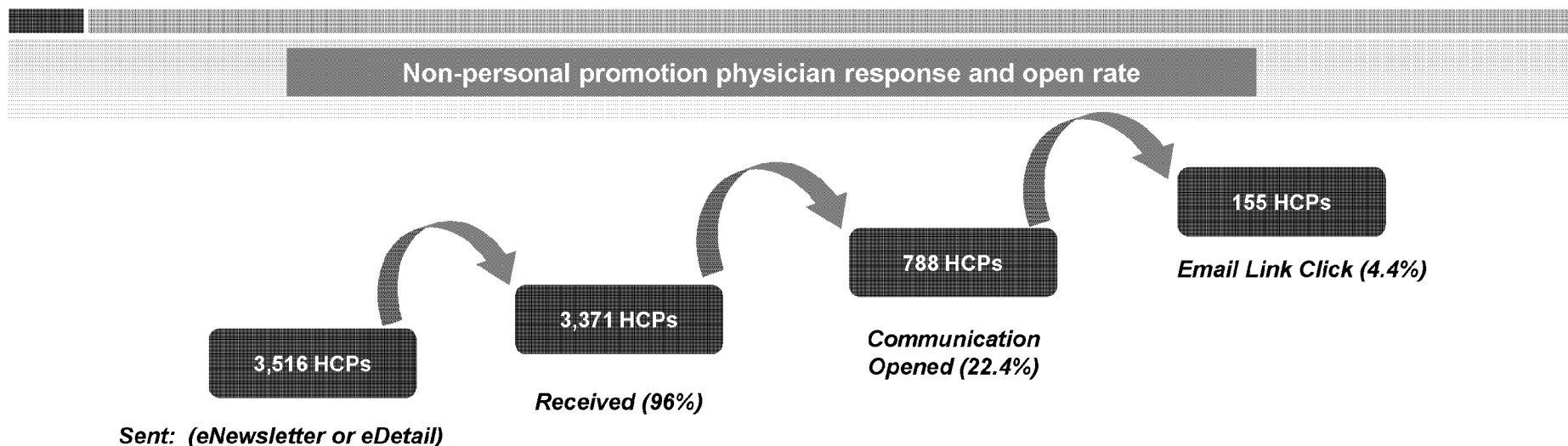


	Overall (IO)	Local (IO)	National (IO)	Regional (IO)	Overall (VB)	Local (VB)	National (VB)	Regional (VB)
Cost per program	\$2,665	\$1,560	\$3,018	\$2,552	\$3,664	\$2,695	\$4,069	\$3,699
Total spend	\$346,395	\$18,715	\$172,006	\$155,674	\$465,339	\$59,294	\$223,818	\$173,831
Completed programs	130	12	57	61	127	22	55	47
Attendees	381	43	154	184	460	82	165	205
HCPs	251	31	97	123	333	60	110	158
Mapped HCPs	188	27	80	81	221	42	78	96
Mapped per program	1.4	2.3	1.4	1.3	1.7	1.9	1.4	2.0
\$ per mapped HCP	\$1,843	\$693	\$2,150	\$1,922	\$2,106	\$1,412	\$2,869	\$1,811

1. Other expenses include A/V expenses, meeting expenses, miscellaneous and venue room rental
2. Source: 2013-2014 AHM Data 5.30, Attendee Data Teva
3. Mapped attendee is defined as mapped to an ID in the demographics file (consistent with last year)

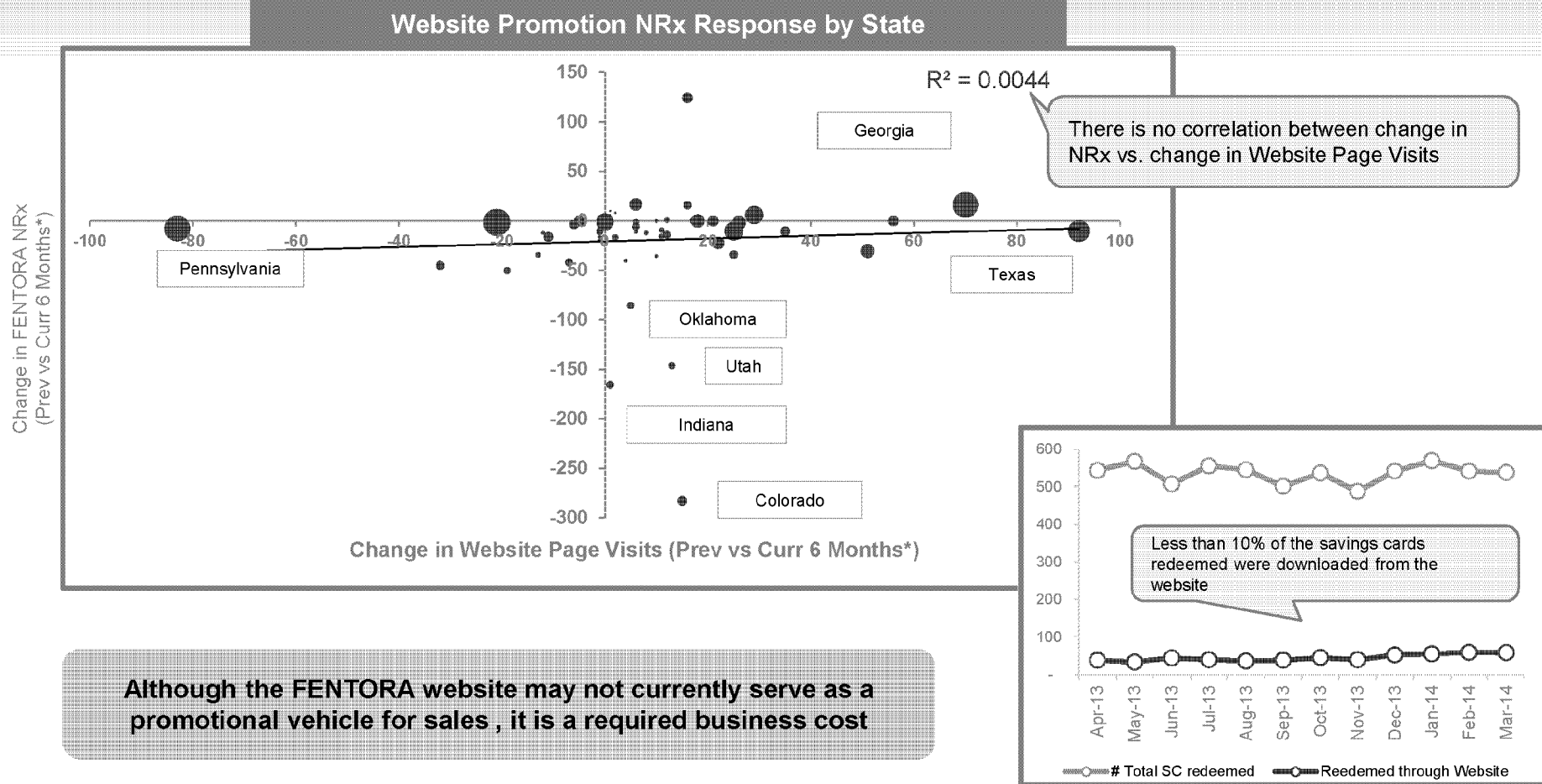
Historical Responsiveness: NPP

~22% of the physicians targeted using non-personal promotion opened the email/newsletter and ~4% followed up



- Non-personal promotion (e-newsletters, e-detailing/m-detailing) could be an effective promotional vehicle to reach REMS enrolled prescribers with low access or in white space

Historical Responsiveness: FENTORA.COM

FENTORA.COM website visits have a negligible impact on FENTORA sales

* Change in detailing from the previous 6 months (Apr'13-Sep'13) vs. current 6 months (Oct'13-Mar'14)

Source: Pain_Mktg_Mix_Rx.txt ; Fentora Amrix Geo Monthly Data received 5/30/2014

© 2014 ZS Associates

Next steps

- Incorporate feedback from today's meeting
- Discuss high level future budget scenarios
- Evaluate marketing mix recommendation scenarios
- ...